

## MEMORANDUM

To: EEU E-mail Service List

From: Susan M. Hudson, Clerk of the Board

Re: Uncommitted EEU Funds — Notice of July 9, 2009, Workshop

Date: June 29, 2009

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On April 24, 2009, the Public Service Board ("Board") issued a memorandum requesting comments on the use of Energy Efficiency Utility ("EEU") Uncommitted Funds<sup>1</sup> for the 2006 - 2008 contract period. Uncommitted Funds for the 2006 - 2008 contract period total \$1,475,768.

The Board had previously received requests from three entities involved with the EEU program regarding the appropriate use of unspent EEU program funds.<sup>2</sup>

- On February 16, 2009, Vermont Energy Investment Corporation filed a letter requesting that the unspent funds be carried over to the 2009 - 2011 contract period.
- On March 9, 2009, the City of Burlington Electric Department filed a letter requesting that it be allowed to carry over \$110,414 of unspent funds to the 2009 program year to fund delivery of efficiency services.
- On April 16, 2009, the Department of Public Service ("Department") filed a letter requesting that it be allowed to carry over \$342,336 of unspent EEU Monitoring and Evaluation funds to the 2009 - 2011 contract period.

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<sup>1</sup>Uncommitted Funds are defined in Board Rule 5.305(D)(22) as: "the amount raised by the Energy Efficiency Charge which, as of the end of the calendar year in which a contract between the Board and an entity serving as the EEU expires, exceeds the amount which the EEU has spent plus the amount which it has not spent but is obligated to pay."

<sup>2</sup>Unspent funds are the budgeted amounts not actually spent during a contract period, with no adjustment for committed obligations. Unspent funds also include unrestricted interest earned on the EEU Fund during the contract period.

On May 15, 2009, International Business Machines Corporation ("IBM") filed a letter requesting that the Uncommitted Funds be used to reduce the Energy Efficiency Charge for 2010. In the alternative, IBM recommends that the Uncommitted Funds be used to develop smart grid applications that conserve electricity and/or improve the efficiency of the electric transmission and distribution system.

On May 15, 2009, Vermont Electric Cooperative, Inc. ("VEC") filed a letter recommending that the Uncommitted Funds be used to support the Home Area Network/Plug-in Hybrid Vehicle/Vehicle to Grid program being developed in conjunction with U.S. Department of Energy grant opportunity.

On June 12, 2009, VEC filed a letter providing additional detail regarding the Home Area Network/Plug-in Hybrid Vehicle/Vehicle to Grid program.

On June 15, 2009, the Department filed a letter recommending that \$1,029,656<sup>3</sup> in Uncommitted Funds "be made available to utilities in a shared resource pool, as leverage for the Home Area Network/Plug-in Hybrid Electric Vehicle/Vehicle to Grid program . . . ." <sup>4</sup> The Department states that the money for this program "will be made available to utilities actively engaged in smart grid initiatives, by a method to be determined by the department within the next 15 days." <sup>5</sup>

Upon review of the comments received to date, the Board has directed Board staff to hold a workshop on Thursday, July 9, 2009, to allow a full discussion of the proposals. The workshop will be held at the Public Service Board Hearing Room, located on the third floor of the Chittenden Bank Building, 112 State Street, Montpelier, Vermont.

Board staff intend to explore the following issues, as well as other pertinent issues:

- The rate impacts if the Uncommitted Funds were returned to ratepayers;
- Further detail regarding how the Home Area Network/Plug-in Hybrid Vehicle/Vehicle to Grid program relates to the statutory goals of 30 V.S.A. § 209, including whether the Board has the authority to approve this use of the funds;
- Further detail regarding how the money would be used for the Home Area Network/Plug-in Hybrid Vehicle/Vehicle to Grid program and the opportunities for matching grant funding; and

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<sup>3</sup>The Department states that the \$1,029,656 amount reflects the uncommitted amount of \$1,475,768, less the \$103,776 in uncollected ratepayer funds and \$342,336 in carryover funds previously requested by the Department for use in evaluation activities.

<sup>4</sup>Department letter of June 15, 2009.

<sup>5</sup>*Id.*

- Further detail regarding the Department's proposed allocation of funds, if used to support the Home Area Network/Plug-in Hybrid Vehicle/Vehicle to Grid program, to utilities.